

# Update: RFS2 Rulemaking

Paul Argyropoulos  
US EPA

# Timeline of Proposed Rulemaking Process and Next Steps

- **Oct 29: The Draft NPRM initially sent to OMB for interagency review**
- **Nov – Jan: Revised per initial interagency comments**
- **January 26: Proposal withdrawn from OMB along with other rules in response to January 20<sup>th</sup> Memorandum from Rahm Emanuel regarding managing federal regulatory review process**
- **Briefed new leadership in early February**
- **Entered Inter Agency Review (Round 2) February 6**
  - Requested expedited review
- **Status**
  - Still In Interagency Process
  - In process of addressing comments from interagency review
- **Next steps – Timing TBD:**
  - Signature by EPA Administrator
  - Published in Federal Register
  - Public Comment Process
    - Public Hearing and separate workshop on lifecycle methodology
- **Timing of release of proposal, final and program implementation TBD**



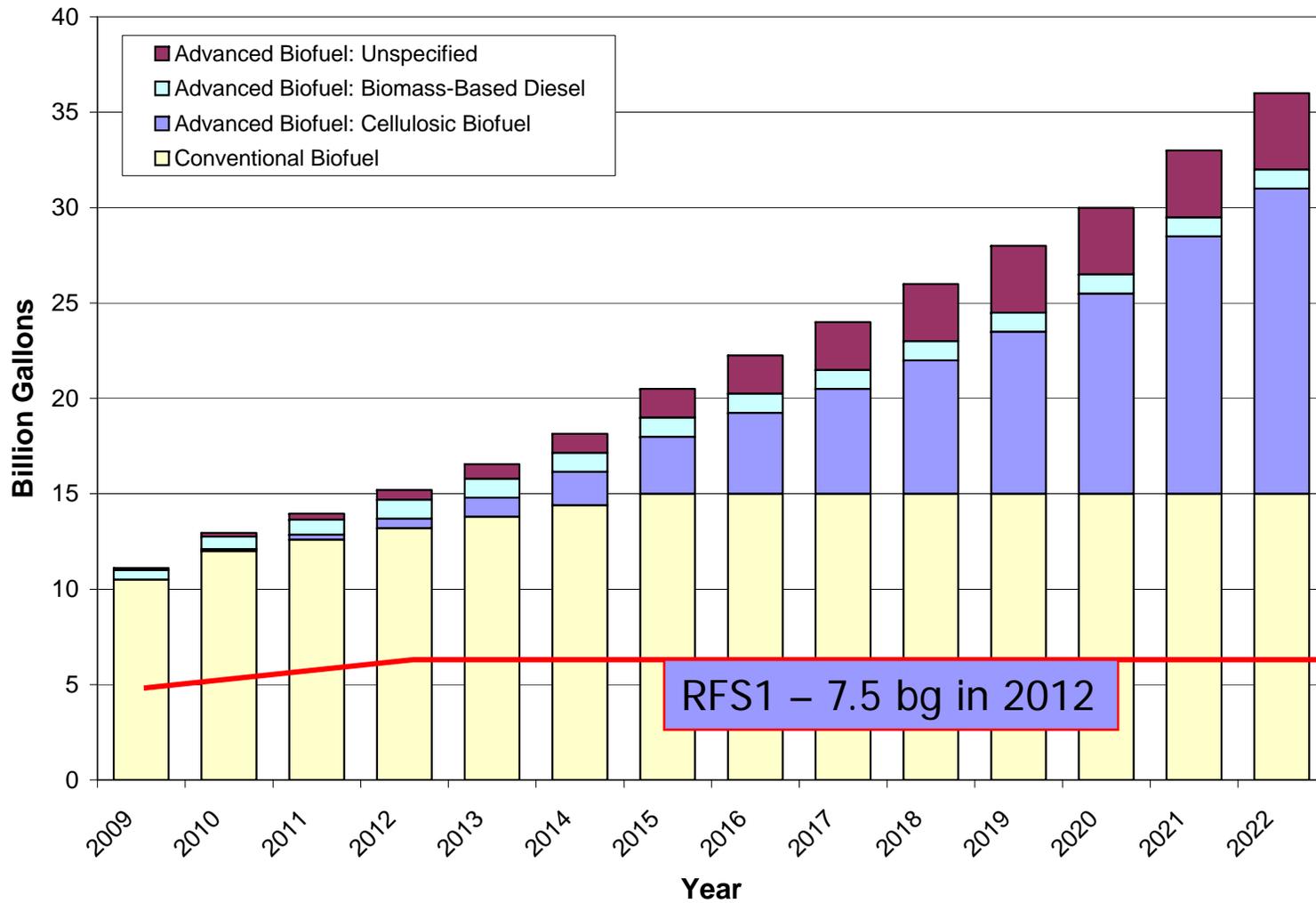
# Key Changes Under EISA

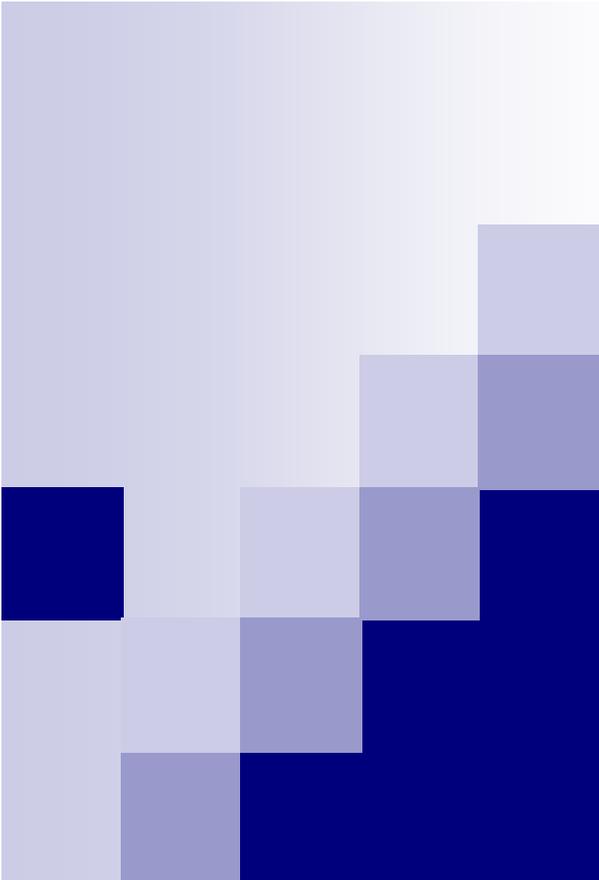
- **Modified current RFS program beginning in 2008**
  - Volumes increased from 7.5 Bgal/yr in 2012 to 36 Bgal/yr in 2022
  - Volumes increase began in 2008 to 9 Bgal/yr
  
- **Establishes new renewable fuel categories and eligibility requirements, including GHG reduction thresholds**
  
- **Annual Standards now apply to diesel in addition to gasoline and nonroad fuel in addition to highway**
  - Jet fuel and heating oil aren't covered, but renewable fuel sold into these markets can generate RINs
  
- **New Renewable Biomass definition limits the feedstocks from which qualifying renewable fuels can be produced**
  
- **Provides additional waiver authority and other flexibilities**
  - General
  - Biomass Based Diesel
  - Cellulosic

## New Standards

- **Four Separate Standards – Total of 36 Billion Gallons in 2022**
  - **Conventional Biofuel: Up to 15 billion gallons**
    - Ethanol derived from corn starch – or any other qualifying renewable fuel
    - Must meet 20% lifecycle GHG threshold
    - Only applies to fuel produced in new facilities
  - **Cellulosic Biofuel: 16 billion gallons by 2022**
    - Renewable fuel produced from cellulose, hemicellulose, or lignin
    - E.g., cellulosic ethanol, BTL diesel, green gasoline, etc.
    - Must meet a 60% lifecycle GHG threshold
  - **Advanced Biofuel: minimum of 4 billion additional gallons by 2022**
    - Essentially anything but corn starch ethanol
    - Includes cellulosic biofuels and biomass-based diesel
    - Must meet a 50% lifecycle GHG threshold
  - **Biomass-Based Diesel: 1 billion gallons by 2012 and beyond**
    - E.g., Biodiesel, “renewable diesel” if fats and oils not co-processed with petroleum
    - Must meet a 50% lifecycle GHG threshold
- **Existing biofuel facilities not required to meet conventional biofuel GHG threshold**
- **EISA language permits EPA to adjust the lifecycle GHG thresholds by as much as 10% -- (60% to 50%; 50% to 40%; 20% to 10%)**

# The Increase is Almost All Cellulosic/Advanced



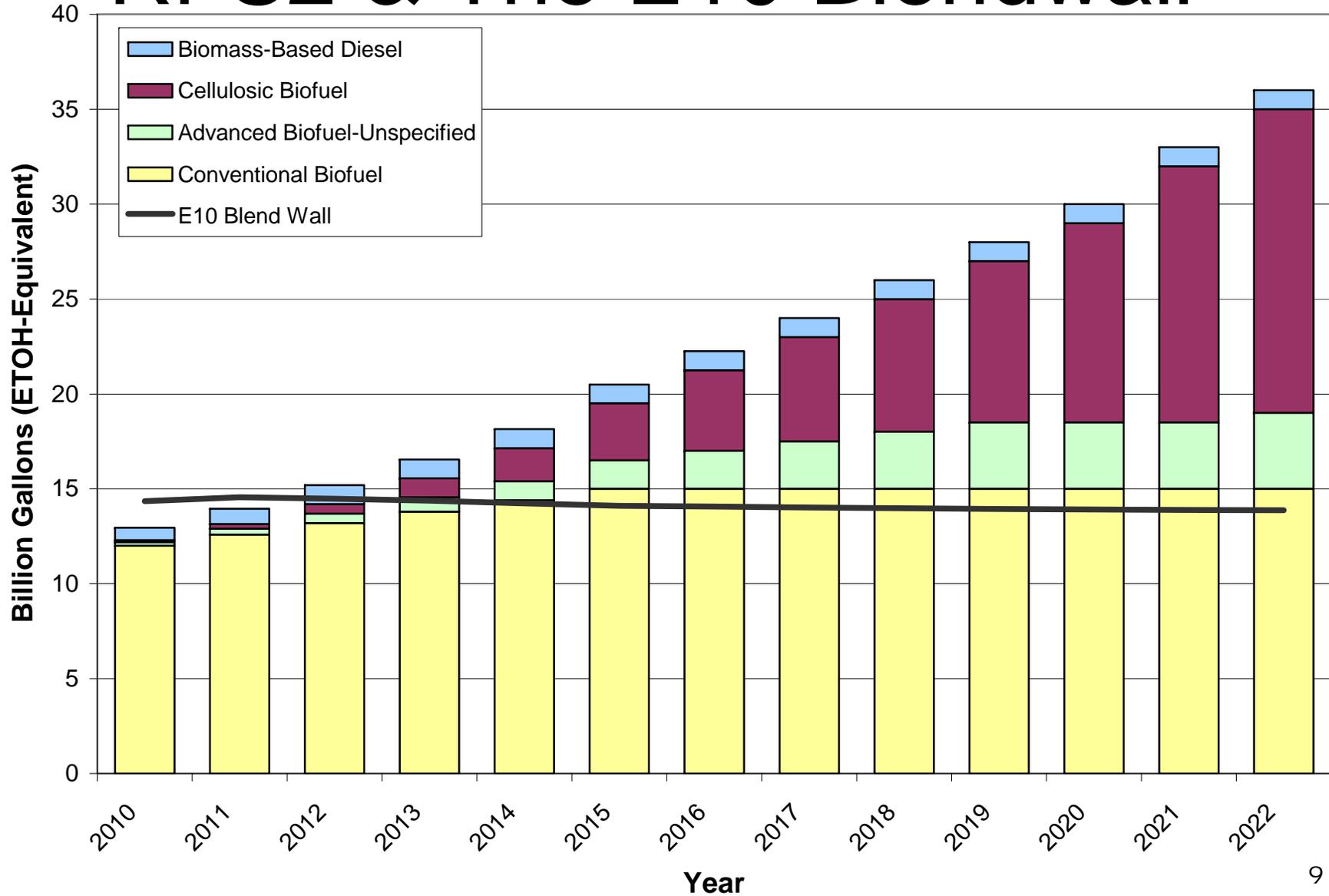


# Mid-level Ethanol Blends

## Ethanol Blends and Waiver

- **Currently - ethanol is only allowed up to 10 percent by volume in gasoline for use in all vehicles (flex fuel and non-flex fuel vehicles) and up to an 85 percent ethanol 15 percent gasoline blend for use in flex fuel vehicles only.**
- **CAA section 211 provides statutory authority to register new fuels and fuel additives provided they meet two requirements:**
  - No increase in emissions or damage to vehicle components over life of vehicle
  - Testing to determine health effects
- **For over three years, EPA has worked with stakeholders, and other government Agencies to put forward a petition process that will work toward most likely acceptable introduction of midlevel blends**
- **The auto industry, small engine manufacturers, many environmental and NGOs, the oil industry, and service station representatives are greatly concerned about any actions involving a waiver.**
  - At a minimum, want to ensure a public process to review any waiver application and that there is sufficient data to support EPA's decision

# RFS2 & The E10 Blendwall



# Midlevel Blends

- **Midlevel blends could help address the RFS2 blendwall occurring sometime 2011 – 2013 timeframe**
  - Will still need to address longer term blendwall issues
- **E12 delays the blend wall less than a year**
- **E15 by 2 to 3 years**
- **E20 by up to 6 years**
- **Long-term solutions will require E85 and non-ethanol renewable fuels in addition to midlevel blends**

# Growth Energy Waiver Petition

- **March 6 - EPA received a waiver request from Growth Energy on behalf of 52 fuels manufacturers, to allow for the use of E15 in conventional vehicles. EPA is currently reviewing the application.**
- **Under Clean Air Act section EPA may consider a waiver for gasoline ethanol blends greater than 10 percent to be used in non flex fuel vehicles.**
- **The application must be from a fuel or fuel additive manufacturer.**
  - Must include data on compatibility of materials with new blend, durability, emissions impacts and driveability effects of the waiver fuel.
  - Data must adequately demonstrate use of the fuel will not cause or contribute to failure of emission controls on vehicles and engines over useful lives.
- **For the current application from Growth Energy, as required by statute, EPA will establish a public docket and soon issue a Federal Register notice to take comments on the waiver application.**
- **EPA is required to respond to the waiver request within 270 days of receipt of the request.**